

Testimony of Holly Ensign-Barstow
Before the House Select Committee on Economic Disparity and Fairness in Growth
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Chairman Himes, Ranking Member Steil (pronounced *STYLE*), and members of the Select Committee, thank you for inviting me here today. My name is Holly Ensign-Barstow, and I am the Senior Director of Policy and Programs at B Lab US & Canada.

I am honored that you have asked B Lab to participate in this roundtable.

Founded in 2006, B Lab is a non-profit whose mission is to transform the global economy to benefit all people, communities, and the planet. Our global network creates standards, policies, and tools for businesses, and is best known for developing the B Corp Certification and the benefit corporation legal status. Certified B Corps are companies that meet high standards of social and environmental performance, accountability, and transparency, prioritizing both profit and purpose.

If you have ever seen this symbol (*hold up B Corp Brand*) on a label, website or business front, that means it is a company that has obtained B Corp Certification conferred by B Lab.

Today, there are over 5700 Certified B Corporations in 85 different countries and 150 different industries, including more than 2,000 in the U.S. and Canada that employ over 100,000 people full time.

B Corps are companies in every industry, from small sole proprietorships to large publicly traded companies..

Becoming a B Corp is a voluntary decision that a company makes. Certification requires companies to demonstrate high social and environmental performance, but also to integrate consideration for stakeholders into their legal DNA. For many companies this requires them to adopt benefit corporation status, which enables companies to expand their fiduciary duties to include stakeholders as well as shareholders. Through our efforts, over 40 states including Delaware have passed legislation, always on a bipartisan basis, allowing companies to incorporate as benefit corporations. Today there are well-over 15,000 benefit corporations across the globe.

B Lab has also developed a free online tool called the B Impact Assessment, that helps companies measure, manage, and improve impact on their stakeholders, including workers, communities, customers and the environment. Today our B Impact Assessment is used by more than 150,000 businesses.

We are proud of where we are and even prouder still of the growth we are seeing. From 2020 to 2021, so during the pandemic, B Lab received more than 6,000 applications for certification from businesses in 80 countries — a 38% increase compared to just two years before— as well as over 50,000 registrations on the B Impact Assessment. This growth has also permeated the

public markets. Today, there are 30 Certified B Corps that are publicly traded, up from 9 in 2019. These B Corps are traded across a wide range of markets including 13 in the United States such as Warby Parker, Grove Collaborative, Allbirds, and Lemonade.

Companies become B Corps because it allows them to be purpose driven and at the same time create and run very successful businesses. Here are a few of the many examples where we've seen this bear out.

Patagonia has been in the news recently for its founder's generosity and commitment to fighting climate change, but they are also an incredibly successful company with over \$1B in annual sales. Patagonia provides comprehensive health insurance to even part time employees, flexible working schedules, paternity leave, onsite childcare and more. These practices have led to a 4% staff turnover rate, which is significantly less than the retail and consumer product sector average of 13%.

Lemonade Insurance, a publicly traded company on the NYSE, points to their commitment to purpose as being an integral reason why their employees feel engaged at work. 92% of employees say that Lemonade's Giveback program, where unclaimed premiums are donated to charity, impacts their happiness. And 96% said that Lemonade's business model contributes to their satisfaction at work.

The Certification process can also require a concerted effort to change practices in order to qualify as a B Corp. For example, when Danone North America, which employs 6,000 people and is one of the top 15 food and beverage companies in the U.S., first Certified they didn't collect data on employee wages. Through the Certification process they began collecting this information and learned that a segment of their employees were paid below their local living wage. Once they recognized this, they tackled the problem quickly and now all Danone North America employees are paid a living wage.

We are incredibly proud of this progress, but we see it as merely the first chapter in our efforts to create a more inclusive and sustainable, and ultimately, prosperous economy.

Thank you again for the opportunity to speak here today. I look forward to your questions.